



Montgomery County Council

For Immediate Release

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Full budget announcement due tomorrow...

COUNCIL SAYS “NO” TO TAX INCREASES

The Montgomery County Council today rejected proposals to increase the County income and recordation taxes.

The proposal to restore the County income tax to the 3.05 percent level of two years ago – before the Council cut it to 2.95 – failed on a 6 to 3 vote. Councilmembers Marilyn Praisner, Howard Denis, Michael Subin, Isiah Leggett, Nancy Dacek, and Steve Silverman voted against the tax increase. Councilmembers Derick Berlage, Blair Ewing, and Phil Andrews voted in favor.

The measure would have raised County revenues by \$8.55 million in FY 02, ranging up to \$34.4 million in FY 07.

A measure that would have raised the County’s recordation tax on the transfer of property within the County, while exempting the first \$55,000 of home value, also was defeated. The estimated revenue increase from the bill would have been \$11.9 million in FY 02, increasing to \$12.3 million in FY 07.

“Now is not the time to raise taxes,” said Councilmember Marilyn Praisner, chair of the Management and Fiscal Policy Committee. “There is too much economic instability. The county should not be contributing to it.”

“We have to keep faith with County taxpayers,” said Councilmember Isiah Leggett. “When we raised the County income tax during the recession of the

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early 1990s, many of us said it was a temporary measure designed to deal with that crisis. I do not believe we have exhausted all the reasonable alternatives available to the County to deal with challenges we face.”

“This is the people’s money,” said Councilmember Nancy Dacek. “We can reduce class size with the resources we already have.”

“This would send the wrong signal at the wrong time,” said Councilmember Howard Denis. “Raising taxes should be a last resort.”

Over the past six years, the Council has initiated over 80 percent of the \$203.5 million in County tax relief adopted during that time period.

The Council cut the energy tax in half, saving taxpayers nearly \$110 million. The Council reduced and then eliminated the bottle tax, saving \$40.4 million and also reduced the telephone tax, saving another \$3 million. In 1998, the Council initiated a \$50 property tax rebate, saving homeowners another \$11.1 million. The homeowner property tax credit saved \$1.2 million.

In 1999, the Council approved \$18.5 million in tax relief, including almost \$7 million in income tax savings, \$3 million by reducing the cell phone tax to zero, and nearly \$9 million in property tax reductions.

The Council will announce agreement on the County’s \$2.7 billion operating budget for the fiscal year that begins on July 1 at a session tomorrow morning in Rockville.

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